Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of IP-Enabled Services	WC Docket No. 04-36

Comments of TracFone Wireless, Inc.

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SUMMARY

TracFone Wireless, Inc. ("TracFone") supports broadening the base of contributors to the Universal Service Fund ("USF") to address the erosion of the interstate revenue base attributable to shifts in usage away from traditional telecommunications services to new IP-enabled services, such as Voice over Internet Protocol ("VoIP"). As the public becomes even more reliant on the Internet and traffic continues to migrate from traditional circuit switched interstate telecommunications networks to IP platforms, the base for funding universal service will continue to erode. Erosion can be abated if the base is expanded to capture revenues earned by those providers who offer alternatives to traditional circuit switched services. This expanded base would also ensure a sufficient fund without any group of providers or consumers being forced to bear an unfair portion of the funding obligations.

If an IP-enabled service is easily substitutable for a traditional telecommunications service (such as circuit switched telephony), then the provider of that IP-enabled service should be required to contribute to the USF based upon the revenues that it derives from that service. The Commission should use its permissive authority pursuant to Section 254(d) of the Act to assess telecommunications in addition to telecommunications services. Furthermore, resellers of IP-enabled communications should be required to contribute to the fund if the reseller provides service to an end-user and derives revenue from providing the service.

As TracFone has stated in previous filings, the best way to sustain a sufficient Universal Service Fund is by utilizing a contribution methodology in which all entities who derive revenue from providing interstate telecommunications, including providers of IP-enabled services, contribute to the fund based on their revenues. Neither of the alternative contribution methodologies previously proposed by the Commission, the "connections"-based system or the telephone numbers-based system, should be adopted as they both would violate the Communications Act for two key reasons: 1) not every telecommunications carrier that provides interstate telecommunications service would be

required to contribute to the fund and 2) the contributions would not be equitable and non-discriminatory. In addition, the above-mentioned methodologies can be easily "gamed," especially a telephone numbers-based system where VoIP providers could avoid contribution simply by utilizing non-NANPA numbers.

In conclusion, requiring all entities who derive revenue from providing interstate telecommunications, including IP-enabled services, to contribute to universal service will ensure a fair, non-discriminatory and sufficient mechanism to sustain the Universal Service Fund.

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TracFone Wireless, Inc. ("TracFone"), by counsel, hereby submits its comments in response to the Notice of Proposed Rulemaking released by the Commission on March 10, 2004.[1]

I. INTRODUCTION

TracFone is a prepaid wireless provider. TracFone's service allows consumers to purchase airtime minutes in advance rather than the traditional approach of paying for minutes on a monthly basis billed in arrears. TracFone offers an off-the-shelf, pay-as-you-go, prepaid wireless service with no contracts, credit checks, monthly fees, activation fees, security deposits or age limits. Thus, TracFone provides its customers with mobile telephones, services and pricing that meets the needs of those consumers for whom existing "traditional" commercial mobile radio services ("CMRS") offerings are inadequate, unavailable, too costly, or otherwise inappropriate. Many of TracFone's customers are low-volume users, including people who purchase CMRS primarily for safety or security purposes, people who for a variety of reasons want to avoid long-term service commitments of one year or more that include substantial early termination penalties, consumers who want to control their costs by paying for specified quantities of service in advance, as well as low-income

[1] IP-Enabled Services (*Notice of Proposed Rulemaking*), FCC 04-28, (rel. March10, 2004) ("NPRM" or "Notice").

users and young people who cannot meet the credit requirements or security deposit demands of other CMRS carriers.

TracFone provides its prepaid CMRS telecommunications service by reselling services offered by more than 30 licensed wireless network operators. It offers national coverage through arrangements with large and small CMRS carriers across the country, and it is the only prepaid wireless service that can provide a local wireless telephone number in nearly every city in the United States. TracFone currently provides service to approximately 3.3 million customers.

Prepaid wireless service, which provides services to consumers that have traditionally been underserved in the wireless telecommunications market, is becoming an important part of CMRS service in the United States. TracFone is an industry leader in this growing market segment.

TracFone strongly supports the goal of providing universal service to all Americans and has contributed to the USF in accordance with its obligation as a provider of interstate telecommunications service. TracFone recognizes that recent developments in the telecommunications marketplace, including the emergence of IP-enabled services, specifically Voice over the Internet Protocol ("VoIP") services, make it appropriate for the Commission to consider the status of those services and the proper regulatory environment for them. Indeed, TracFone itself is a user of VoIP services for its own telecommunications needs. TracFone applauds the development of these technologies and encourages the Commission to avoid imposition of archaic and inefficient regulatory requirements which could discourage their growth. Nonetheless, TracFone urges the Commission to remain mindful of the importance of having a Universal Service Fund sufficient to support the programs for which it was created, and to ensure that universal service continues to be supported by funding mechanisms which conform with the statutory requirements set forth at Section 254(d) of the Act. TracFone has been an active participant in every phase of the Commission's universal service contribution methodology proceeding. TracFone has objected to several of the alternative contribution methodologies put forth because these methodologies would violate the Communications Act for two main reasons: 1) not every telecommunications carrier that provides interstate telecommunications service would be required to contribute to the fund and 2) the contributions would not be "equitable and non-discriminatory."

Currently, the Commission is seeking comment on how the regulatory classification of IP-enabled services would affect the Commission's ability to fund universal service and whether such services should be required to contribute to the fund. TracFone supports broadening the base of contributors to address the erosion of the interstate revenue base attributable to shifts in usage away from traditional telecommunications services to new IP-enabled services, such as VoIP. In addition, expanding the base of contributors will ensure that all entities who derive revenues from provision of interstate telecommunications bear a portion of the universal service support obligation, and will obviate any need for abandoning the equitable and nondiscriminatory revenue-based contribution methodology in favor of alternative methods that are unlawful and whose adoption would disserve the public interest.

II. ALL ENTITIES WHO DERIVE REVENUE FROM PROVIDING INTERSTATE TELECOMMUNICATIONS SHOULD BE REQUIRED TO CONTRIBUTE TO THE UNIVERSAL SERVICE FUND

A. Internet-based Telephony Will Cause Erosion of the Universal Service Fund Unless Such Services are Required to Contribute to the Fund

Internet-based telephony along with other applications, such as e-mail and instant messaging, are increasingly substituting for interstate circuit switched telephone calls on the public switched telephone network ("PSTN"). In 2002, the Commission observed that overall end-user switched interstate telecommunications revenues, which make up the USF contribution base, were on the decline. See Federal-State Joint Board on Universal Service, *et al.*, CC Docket No. 96-45, *et al.* (*Further Notice of Proposed Rulemaking*), FCC 02-43 (rel. February 26, 2002), ¶ 8. Contrary to that assertion, the demand for interstate telecommunications has not been decreasing. Rather, it has been shifting. As TracFone has stated on numerous previous occasions and as the Commission has recognized, a substantial portion of the so-called "decline" in interstate toll service revenues has not been a decline, but rather a shifting from traditional providers of wireline interstate toll services to wireless services, in large part due to the overall growth in wireless services and the introduction of "one call"-type combined calling plans. In 2002, the Commission addressed this shifting of interstate revenues from wireline toll providers to wireless providers by increasing the wireless safe harbor from 15 percent to 28.5 percent.[2] Raising of the safe harbor added more than one billion dollars per year to the USF.

Interstate telecommunications traffic is continuing to shift: now it is shifting to Internet Protocol networks that are not presently required to contribute to the Universal Service Fund. As the public becomes even more reliant on the Internet and traffic continues to migrate from traditional circuit switched interstate telecommunications networks to IP platforms, the base for funding universal service will continue to erode unless the base is expanded to capture revenues earned by those providers who offer alternatives to traditional circuit switched services. Just as the Commission responded to the shifting from wireline to wireless networks by raising the safe harbor, so too should it now respond to the shifting from circuit switched networks to IP platforms by expanding the base of USF contributors to encompass those who provide telecommunications using IP platforms.

B. The Commission has Recognized that Providers of IP-enabled Services which Offer Voice Telephony Capability that is Comparable to Other Interstate Telecommunications Services Should be Required to Contribute to the Universal Service Fund.

If an IP-enabled service, such as VoIP, is easily substitutable for a traditional telecommunications service (such as circuit switched telephony), then the provider of that IP-enabled service should be required to contribute to the USF based upon the revenues which it derives from

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[2] Federal-State Joint Board on Universal Service, *et al* (*Report and Order and Further Notice of Proposed Rulemaking*) 17 FCC Rcd. 24952 (2002).

that service. Congress enacted Section 254 of the Communications Act in 1996 to reflect a national policy that there be a Universal Service Fund supported by interstate telecommunications so that affordable phone service would be available nationwide and to provide support to schools, libraries and rural health care centers for their telecommunications needs, including support for advanced services. That national policy exists irrespective of the advent of IP technology or other technologies which had not been deployed to any significant degree at the time of enactment of the 1996 Act. If an entity which uses IP technology to provide telecommunications capabilities to consumers and which derives revenues from providing such capabilities is able to avoid its statutory obligation to support universal service simply by having IP-enabled services excluded from USF funding requirements, then there will not be sufficient resources to fulfill Congress's intent for a fully-funded USF. Broadening the base of contributors will serve the public interest by ensuring a sustainable and sufficient contribution base for the long term as the telecommunications marketplace continues to evolve while avoiding imposition of a disproportionate share of the USF support burden on those providers which utilize circuit switched technology to provide service to consumers and on the consumers of those services.

The Commission previously has expressed the view that providers of those IP-enabled services that provide voice telephony capability that is comparable to other interstate telecommunications services should be required to contribute to the Universal Service Fund. In 1998, the Commission noted that "phone-to-phone" IP telephony services possess many of the same characteristics as telephony services delivered wholly over circuit switched networks. See Federal-State Joint Board on Universal Service (*Report to Congress*), 13 FCC Rcd. 11501 (1998) at ¶ 89. In addition, the Commission stated:

> With regard to universal service contribution, to the extent we conclude that certain forms of phone-to-phone IP telephony are interstate "telecommunications," and to the extent that providers of such services are offering those services directly to the public for a fee, those providers would be "telecommunications carriers." Accordingly, those

> providers would fall within section 254(d)'s mandatory requirement to contribute to universal service mechanisms.

Id. at ¶92. Moreover, the Commission has recognized that "in order to promote equity and efficiency, we should avoid creating regulatory distinctions based on purely technology." Id. at ¶ 98.

Just last month, the Commission held that IP-services which appear equivalent to other telecommunications services are to be treated similarly for the purpose of access charges. AT&T had sought a ruling that access charges were not applicable to its IP phone-to-phone telephony services. See In the Matter of Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are Exempt from Access Charges, (*AT&T Declaratory Ruling*) FCC 04-97, (rel. April 21, 2004). The Commission recognized that customers using AT&T's service place and receive calls with the same telephones they use for all other circuit-switched calls. Id. at ¶ 11. The only portion of the call that differs in any technical sense from a traditional circuit-switched interexchange call is that once the call reaches AT&T's network AT&T routes it through a gateway where it is converted to an IP format and then AT&T transports the call over its Internet backbone. Id. The Commission has noted that its policy has been that any service provider that sends traffic to the PSTN should be subject to similar compensation obligations, irrespective of whether traffic originates on the PSTN, on an IP network, or on a cable network. ¶ 11, n.47. The Commission explained:

> [A]t this time we are not persuaded that we should exempt AT&T's specific service from interstate access charges. For the reasons described above, we clarify that AT&T's specific service does not qualify as an information service, nor does it provide any enhanced functionality to its customers. End users place and receive calls from their regular touch-tone telephones, use 1+dialing, and do not subscribe to a service separate from, or pay rates that differ from, those paid for AT&T's traditional circuit-switched long distance service. AT&T's specific service utilizes the LECs' originating and terminating switching facilities in the same manner as its circuit switched interstate traffic. Although AT&T asserts that conversion to IP can produce enormous efficiencies by allowing the integrated provision of voice, data, and enhanced services, exempting from interstate access charges a service such as AT&T's that provides no enhanced functionality would create artificial incentives for carriers to convert to IP networks. Rather than converting at a pace commensurate with the capability to provide enhanced functionality, carriers would convert to IP networks merely to take advantage of the cost advantage afforded to voice traffic that is converted, no matter

> how briefly, to IP and exempted from access charges. IP technology should be deployed based on its potential to create new services and network efficiencies, not solely as a means to avoid paying access charges.

Id. at ¶ 18. For the reasons articulated in the Commission's recent *AT&T Declaratory Ruling*, IP-enabled services, which provide consumers with voice telephony capabilities and which use the PSTN, should be subject to USF assessment as they are subject to access charges.

C. Regardless of Whether IP-enabled Services are Labeled as "Telecommunications Services," these Services Should be Subject to USF Contribution Obligations

Section 254(d) of the Act makes contribution to the USF mandatory for interstate "telecommunications services," but permissive for "telecommunications." Specifically, section 254(d) of the Act states that "[a]ny other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires." 47 U.S.C. §254(d). However, it is important to note that the definition of information services contains the words "via telecommunications." 47 U.S.C. §153(20). Thus, there is clearly a telecommunications component to the VoIP/IP-enabled services irrespective of whether these services are labeled telecommunications services. Furthermore, in the 1998 Report to Congress, the Commission expressly recognized that facilities-based ISPs that provide no stand-alone telecommunications service could be required to contribute to universal service under its permissive authority. *1998 Report to Congress* at ¶ 69. Whether or not the FCC chooses to categorize VoIP as a telecommunications service and therefore subject to mandatory USF assessment, it is, at the very least, a service which includes telecommunications ("via telecommunications") and which may be used by consumers as a substitutable for services which are classified as telecommunications services. As such, VoIP services should be required to contribute to the Universal Service Fund pursuant to the Commission's permissive authority codified at Section 254(d) of the Act.

As TracFone has stated on previous occasions, the best way to sustain a sufficient Universal Service Fund is by utilizing a contribution methodology in which all entities who derive revenue from providing interstate telecommunications contribute to the fund based on their revenues. Subjecting traditional telecommunications to universal service funding obligations while exempting VoIP and other IP-enabled telecommunications from those same obligations creates a pricing distortion and an arbitrage opportunity which have no place in a competitive marketplace. Moreover, such disparate treatment results in depriving the Universal Service Fund and those who benefit from the fund of substantial and increasing contributions from rapidly growing services.

III. NON-FACILITIES-BASED PROVIDERS OF IP-ENABLED SERVICES SHOULD BE REQUIRED TO CONTRIBUTE TO THE UNIVERSAL SERVICE FUND

In the Notice, the Commission requested commenters to address whether non-facilities based providers of IP-enabled services should be required to contribute to the fund. Non-facilities-based providers of IP-enabled services should be treated the same as non-facilities-based providers of traditional telecommunications services. Under the current requirements, USF contributions are assessed on providers of telecommunications services based on revenues that those providers derive from end-users, irrespective of whether the entities providing services to end-users and receiving revenues for those services provide the services over their own facilities, on a resale basis, or through some combination of the two. Thus, if a reseller provides service to an end-user and derives revenue from providing the service, the reseller is subject to a universal service contribution requirement and it may recover its assessment through a surcharge on the end-user. The facilities-based carrier, who provides service to the reseller for resale, is not subject to USF assessment based on revenues that it derives from the reseller and it may not impose a USF surcharge on the reseller. There is no reason why this same model should not be equally applicable to non-facilities-based providers of IP-enabled telecommunications.

IV. IF AN IP-ENABLED SERVICE IS SIMILAR TO OTHER TELECOMMUNICATIONS SERVICES THEN IT SHOULD BE SUBJECT TO UNIVERSAL SERVICE FUND CONTRIBUTION OBLIGATIONS

In the Notice, the Commission also inquired as to how providers of IP-enabled services would identify the portion of their revenues that constitute end-user telecommunications revenues. This issue requires answers to two separate questions: 1) which customers are "end-users" and 2) which portion of the revenues are for telecommunications.

As for the first question, the model described in Section III of these comments would be applicable to making determinations as to which customers are end-users. The customer purchasing service for resale rather than for its own consumption would be required to certify to the provider that the purchase is for resale. If there is no such certification, then the assumption would be that the purchase is for end-user consumption and would be subject to universal service assessment.

The second question presents a more difficult issue. Services like Vonage's or AT&T's IP-based service described in the Commission's recent *AT&T Declaratory Ruling* are clearly interstate telecommunications services although they use IP technology. These services are functionally equivalent in all significant respects to traditional long distance service. In the *AT&T Declaratory Ruling*, the Commission held that AT&T's services are telecommunications services because AT&T provides an interexchange service that (1) uses ordinary customer premises equipment ("CPE") with no enhanced functionality, (2) originates and terminates on the public switched telephone network, and (3) undergoes no net protocol conversion and provides no enhanced functionality to end users due to the provider's use of IP technology. Id. at ¶ 1. It is evident that revenues derived from AT&T's services and similar services should be subject to Universal Service Fund contributions. If such services are bundled or packaged with non-telecommunications services, the burden should be on the service provider to offer a reasoned justification for the portion of the bundled package and the revenues derived therefrom which are not subject to USF.

Unlike AT&T's services or Vonage's services, peer-to-peer services that link members to members exclusively, but not to the PSTN present a more complex issue. For example, the Commission recently reviewed Pulver.com's Free World Dialup ("FWD") petition for declaratory ruling and made significant note of the fact that FWD is a computer-to-computer VoIP service that never touches the public switched network. See In the Matter of Petition for Declaratory Ruling that pulver.com's Free World Dialup is Neither Telecommunications Nor a Telecommunications Service, WC Docket No. 03-45 (Rel. 03-45 Feb. 19, 2004) at ¶ 1. Anyone anywhere in the world can obtain a Pulver-assigned five- or six-digit FWD number (not a North American Numbering Plan number) to facilitate using the member's broadband service to make free VoIP or other types of peer-to-peer communications to other FWD members. Id. at ¶ 5. The Commission found that FWD constitutes an information service because the FWD service is provided entirely over the Internet using computer-based software and it fails the test for determining whether it is a phone-to-phone service, specifically, because it does not use NANP numbers and does not use the same CPE as may be used for circuit-switched calls. Id. at ¶ 15 n.54. In regard to FWD and similar services, it would be difficult to determine which revenues from such services are "telecommunications revenues" subject to USF assessment.

If, however, the service being offered through use of VoIP technology is "like" other telecommunications services and is being billed as such, then the service should be subject to universal service contributions.[3]

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[3] Section 202(a) of the Act (47 U.S.C. § 202(a)) provides: "It shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage." In applying the "like services" requirement of Section 202(a), courts and the Commission have stated that likeliness depends on functional equivalence of the services. To determine functional equivalence, the court must look to the nature of the services offered and ascertain whether customers view them as

V. THE ADVENT OF IP-ENABLED SERVICES WARRANTS CONTINUATION OF A REVENUE-BASED USF CONTRIBUTION METHODOLOGY

In the Notice, the Commission asks whether the advent of IP-enabled services weighs in favor of any of the specific reforms under consideration in the Universal Service Contribution Methodology proceeding. The only "reform" warranted in light of the advent of IP-enabled services is to expand the base of contributors so that all entities which derive revenues from offerings that provide telecommunications capability are subject to universal service assessment. Such expansion will obviate any need for abandonment of the revenue-based contribution methodology in favor of alternative methods that are of dubious lawfulness.

As TracFone has previously stated, neither of the alternative contribution methodologies proposed by the Commission (*i.e.*, a "connections"-based system or a telephone numbers-based system), should be adopted. The methodologies being considered are at odds with the requirements of the Communications Act, and thus, unlawful. For example, not "every telecommunications carrier which provides interstate telecommunications service" would be required to contribute to USF as required by section 254 of the Communications Act. Those interstate carriers that do not provide their own connections to the public switched network would be relieved of any obligation to contribute to universal service, irrespective of how much revenue those carriers derive from the provision of

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performing the same function. Competitive Telecommunications Ass'n v. FCC, 998 F.2d 1058, 1061 (D.C. Cir. 1993); ABC, Inc. v. FCC, 663 F.2d 133, 139 (D.C. Cir. 1980). The consumer perception concept should be equally applicable in the instant situation. Circuit switched telephony and VoIP have many of the same characteristics and are often perceived by customers as being substitutable for each other. Exhibit A is a Vonage advertisement from its website (May 19, 2004). It is apparent from reviewing this advertisement that Vonage is marketing its service as a telephone service and, in doing so, Vonage is creating a consumer perception that its service is substitutable for other telephone services, which are typically provided by traditional telephone companies. See Exhibit A ("The greatest benefit of Vonage is simple. For less money, we can provide the same or better telephone service as your current telephone company.") (emphasis added). Finally, it should be noted that many VoIP services offer features similar to traditional telephone services, such as call waiting caller ID, personalized voice mail, call forwarding, caller ID block, and repeat dialing.

interstate telecommunication services. In addition, the contributions would not be "equitable and non-discriminatory" as required by section 254 of the Communications Act. A connection-based charge would favor those carriers who serve larger volume consumers and would correspondingly disfavor those carriers whose services are beneficial to lower volume users. Under a connection-based USF contribution system, some carriers, such as larger interexchange carriers would have their USF contribution obligations reduced dramatically – in some cases, even eliminated entirely - while those providers who provide network connections but serve lower volume users, which generate relatively low interstate revenues, would incur significantly increased USF costs relative to revenues derived from those services.

The proposed working telephone number-based methodology would suffer from all of the legal infirmities, as would a connections-based methodology. First, use of telephone numbers assigned to end-users is not a rational basis for identifying "[e]very telecommunications carrier that provides interstate telecommunications services." Most telephone numbers are assigned by providers whose primary business is local exchange telecommunications service.[4] There is no correlation between assignment of telephone numbers as part of an exchange telecommunications service and provision of "interstate" telecommunications.[5] Second, the numbers-based approach allows interexchange carriers to avoid almost all responsibility to contribute to the Universal Service Fund since services rendered by IXCs to most customers do not involve assignment of telephone numbers, irrespective of how extensively customers use those services or how much revenues are generated

[4] See Sections 2(b) and 221(b) of the Communications Act (47 U.S.C.§ § 2(b), 221(b)). Pursuant to those provisions local exchange service is considered to be intrastate service, even in situations where exchange areas cross state borders.

[5] This is as true for wireless providers as it is for wireline local exchange carriers. For example, TracFone assigns working telephone numbers as part of the activation of every TracFone-issued telephone. However, many of TracFone's customers who are assigned those numbers make few, if any, interstate calls.

from such services. Third, a flat telephone number-based fee would be especially unfair to low-volume consumers who would be assessed a monthly USF charge regardless of how much or how little they use their phone for interstate service. Finally, the VoIP industry currently works with traditional telephone numbers and without traditional telephone numbers. A contribution methodology based solely on telephone number assignments would impel the VoIP industry into using a non-numbers based system. Already there have been reports of VoIP providers assigning their customers identification numbers which are not part of the North American Numbering Plan (*e.g.*, European telephone numbers, e-mail addresses, etc.).[6] Implementation of a numbers-based system would provide incentives to such providers to "game" the system by utilizing alternatives to North American Numbering Plan numbers for the purpose of avoiding USF contribution obligations.

In regard to both the connection-based approach and the numbers-based approach, it must be kept in mind that ultimately universal service support is borne by consumers, either through "pass through" surcharges or through higher rates when carriers elect to bundle their USF contribution costs in their rates.[7] In either case, a system which imposes disproportionate portions of USF support on lower volume, often lower-income users, cannot be said to be "equitable and nondiscriminatory." Moreover, such a methodology would impede rather than advance the goal of competitive neutrality – a public interest goal of the universal service system mandated by the Commission.

There would be no reason, however, to abandon the existing revenue-based contribution methodology if all providers of interstate telecommunications, including providers of IP-enabled services, such as VoIP, are required to contribute to the fund. Such action would appreciably increase

[6] For example, ENUM links a telephone number to a host on the Internet that can connect the call, either end-to-end over IP networks or through a designated gateway to the PSTN.

[7] In the case of prepaid wireless providers like TracFone, the providers would be forced to raise their rates for service since they have no mechanism for recovering their USF contributions through "pass through" charges. Those carriers do not render invoices to customers and therefore have no opportunity to recover their USF costs as line items on customer bills.

the base of contributions thereby reducing the burden on all carriers and all consumers. Accordingly, the advent of IP-enabled services weighs in favor of continuing the revenue-based contribution methodology.

VI. CONCLUSION

For the reasons set forth above, the Commission should require all entities who derive revenue from providing interstate telecommunications, including those who do so using IP-enabled technology, to contribute to the Universal Service Fund. This will ensure a stable, competitively neutral, sustainable and sufficient universal service support mechanism that will fulfill Congress's intent.

Respectfully Submitted,

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Exhibit A

VONAGE
THE BROADBAND PHONE COMPANY

Username:
Password: GO
Forget Your Password?

HOME | RATE PLANS | AREA CODES | FEATURES | INSTALLATION | LEARNING CENTER | SIGN UP | RETAIL ACTIVATION
Search

Local / Regional Calling | Savings Calculator | Calls to Canada | International Rates
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Residential Plans

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Unlimited Calls to Anywhere in the US & Canada plus Many Features such as Voicemail
New Lower Price!
FREE Calls to Canada

$24.99 Unlimited Local
Unlimited Local and Regional Calling plus 500 Long Distance Minutes!
FREE Calls to Canada

$14.99 Basic 500
500 Minutes to Anywhere in the US & Canada plus Many Free Features
FREE Calls to Canada

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Unlimited Calls to Anywhere in the US & Canada plus Many Features such as Voicemail
FREE Fax Line with 500 free Minutes Included!

$39.99 Small Business Basic
1500 Local and Long Distance Minutes to Call Anywhere in the US & Canada
FREE Fax Line with 500 free Minutes Included!

All These Great Features Available in Every Plan!

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- FREE Caller ID with Name
- FREE Call Waiting
- FREE Call Forwarding
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- Keep your current number
- Virtual Phone Numbers
- Money-Back guarantee
- Great International Rates
- Toll Free Plus

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Canada	Waived	Rome	2¢ /min	Barcelona	5¢ /min
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Tel Aviv	4¢ /min	Tokyo	3¢ /min	Berlin	3¢ /min
Prague	5¢ /min	Santiago	5¢ /min	Rio de Janeiro	6¢ /min

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Compare and Save

The greatest benefit of Vonage is simple. For less money, we can provide the same or better telephone service as your current telephone company.

By answering a few simple questions, we can estimate the amount of money you can save as a Vonage subscriber.

If you don't have your phone bill or checkbook handy, make your best guess.

1) Which plan would you like to compare?

Residential Plans
- (•) $29.99 Premium Unlimited Plan
- ( ) $24.99 Unlimited Local Plan
- ( ) $14.99 Basic 500 Plan

Small Business Plans
- ( ) $49.99 Small Business Unlimited Plan
- ( ) $39.99 Small Business Basic Plan

2) How much is your total monthly telephone bill (including taxes, optional features, etc)? $

3) Do you have a separate bill for long-distance calls? (•) No ( ) Yes

4) Are you a DSL subscriber? (•) No ( ) Yes

5) Are you a New Jersey Resident? (•) No ( ) Yes

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